



July 16, 2013

VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Stephanie A. Joyce

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Re: Notice of Permitted *Ex Parte* Meeting, WC Docket No. 12-375

Dear Ms. Dortch:

On July 12, 2013, Securus Technologies, Inc. met with Rebekah Goodheart, Legal Advisor to Acting Chairwoman Mignon Clyburn, and Travis Litman of the Telecommunications Access Policy Division of the Wireline Competition Bureau.

Representing Securus were Dennis J. Reinhold, Vice President and General Counsel, and the undersigned. This disclosure is made in compliance with 47 C.F.R. § 1.1206(a)(3).

Securus made a rate proposal, outlined on the attached color slide, with a view to helping the Commission resolve this proceeding. In brief, the proposal is that the maximum charge for an interstate inmate-initiated telephone call will be \$8.00, no matter how long the call, no matter the size of the facility, and no matter the location of the originating facility.

Securus explained that this rate proposal is not a flat rate. It will be comprised of a per-call charge and per-minute charge. The per-minute charges will simply stop being assessed once the total price of the call reaches \$8.00.

In Securus's experience, inmates average four (4) telephone calls per month. Under this proposal, the maximum monthly charges for the average inmate would be \$32.00 which is a good deal less than the average monthly phone bill for residential service.

The proposed rate would not displace any existing lower interstate rates which are in place at many Securus locations, and would apply to new bids and new contracts. As Securus has

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explained, the Commission should not order carriers to impose new rates on existing contracts.¹ The recent New Mexico Public Regulation Commission proceeding on inmate rates is a valuable example: there, the new rates will be effective on new contracts, new bids, and contracts that are renewed or renegotiated.²

Ms. Goodheart asked how the rate proposal could be cost-justified. Securus referred her to the Siwek Report, filed with its March 25 comments, that provides extensive analysis of Securus's costs of service.³ The Siwek Report also lists Securus's existing rates at 38 correctional facilities in order that the rate proposal may be compared to prevailing rates. That report is attached hereto at the request of Ms. Goodheart.

In response to questions, Securus explained that there is a difference in call volume as between city and county jails versus state facilities. It estimated, based on experience, that the demarcation between "small" and "large" facilities is approximately 250 beds.

Ms. Goodheart then asked how the Securus proposal compares to the cost study performed by economist Don Wood,⁴ characterized as a "rate proposal". Securus, having participated in and sponsored that study, stated that it was not a "proposal". The Wood Study was a "bottom-up"⁵ analysis of the costs of service of several inmate telecommunications service providers.⁶ Each provider submitted cost data under seal to Mr. Wood. The result was not a rate proposal, but rather an expression of the per-call costs and per-minute costs taken from the carriers' cost data in the aggregate.

¹ WC Docket No. 12-375, Initial Comments of Securus Technologies, Inc. at 10-14 (Mar. 25, 2013); Letter from Monica Desai to Marlene H. Dortch, FCC, at 2 (May 31, 2013) ("Securus May 31 Letter").

² Securus May 31 Letter at 2.

³ WC Docket No. 12-375, Expert Report of Stephen E. Siwek (Mar. 25, 2013) ("Siwek Report").

⁴ CC Docket No. 96-128, Inmate Calling Services Interstate Call Cost Study (Aug. 15, 2008) ("Wood Study").

⁵ *Id.* at 7.

⁶ ATM, Inc., Custom Teleconnect, Inc., Embarq, NCIC Inmate Telephone & Operator Services, Pay Tel Communications, Inc., Public Communications Services, Inc., Securus Technologies, Inc. *Id.* at 21.

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Most importantly, the Wood Study employed “marginal location methodology,” meaning that only sites that have no site commissions were included in the study.⁷

Securus was asked whether it has a proposal regarding the fees for financial transactions that were the subject of the recent Public Notice seeking additional comment.⁸ Securus replied that it is considering how to respond to that Public Notice, but noted its position that the Commission lacks jurisdiction over rates for financial transactions and the like.⁹ Securus also explained that the fees at issue regard optional payment methods provided for the convenience of those that pay for and fund inmate calls; some carriers do not provide such optional methods. In addition, some of the fees at issue, such as fees for returning account deposits, are not charged by Securus.

Securus discussed with Ms. Goodheart and Mr. Litman that its rate proposal would be an easily understood and meaningful resolution to the difficult cost and jurisdictional issues in this proceeding. Setting this maximum rate would put the industry on a level playing field as carriers continue to compete for contracts, and would put downward pressure on site commissions.

Securus provided approximately ten (10) large, foam-backed versions of the attached slide that describes its rate proposal.

Sincerely,

s/Stephanie A. Joyce

Counsel to Securus Technologies, Inc.

Attachments

Cc: Acting Chairwoman Mignon Clyburn
Commissioner Jessica Rosenworcel
Commissioner Ajit Pai
Julie Veach, Chief, Wireline Competition Bureau
Sean Lev, General Counsel

⁷ *Id.* at 7-8.

⁸ WC Docket No. 12-375, *More Data Sought on Extra Fees Levied on Inmate Calling Services*, DA 12-1445 (June 26, 2013).

⁹ WC Docket No. 12-375, Reply Comments of Securus Technologies, Inc. at 14-17 (Apr. 22, 2013).

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Rebekah Goodheart, Legal Advisor to Acting Chairwoman Clyburn
Nick Degani, Legal Advisor to Commissioner Pai
Priscilla Delgado Argeris, Legal Advisor to Commissioner Rosenworcel
Deena Shetler, Associate Bureau Chief, Wireline Competition Bureau
Kalpak Gude, Chief, Pricing Policy Division, Wireline Competition Bureau
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All via electronic mail